

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

| | | |
|--|---|---------------------------------|
| UNITED STATES OF AMERICA | § | |
| | § | |
| v. | § | CRIMINAL NO. 4:18-CR-575 |
| | § | (HUGHES) |
| JACK STEPHEN PURSLEY, AKA STEVE PURSLEY | § | |
| | § | |

STATUS REPORT

As they pledged at the August 4, 2020 sentencing, the parties have attempted to negotiate an agreement regarding the amount of interest accruing on Mr. Pursley's outstanding tax liabilities for tax years 2007 through 2010. Unfortunately, as of the date of this filing, the parties have been unable to reach an accord.

Government's Position on Interest Calculation

After Mr. Pursley's sentencing, the parties conferred to discuss Mr. Pursley's concerns and questions regarding the IRS's calculation of the interest on his outstanding liabilities. The IRS then recalculated the interest on Mr. Pursley's tax liabilities, resolving all issues of credit for payments and refunds claimed in favor of Mr. Pursley. As depicted in the chart below, the IRS's total interest calculation decreased by more than \$37,000 from the calculation presented in the government's sentencing memorandum.

| | Tax | Interest thru 4/6/2015 | Interest from 4/7/2015 thru 3/8/2017 | Interest from 3/9/2017 thru 12/13/2019 | Interest from 12/14/2019 thru 2/29/2020 | Total Interest | Total Due and Owing |
|------|------------------------|---------------------------|--|---|--|----------------------|------------------------|
| 2007 | \$ 221,725.00 | \$ 64,535.85 | \$ 9,407.92 | - | | \$ 73,943.77 | \$ 295,668.77 |
| 2008 | \$ 106,182.00 | \$ 23,689.11 | \$ 8,994.27 | - | | \$ 32,683.38 | \$ 138,865.38 |
| 2009 | \$ 1,349,217.00 | \$ 236,306.11 | \$ 109,805.92 | \$ 181,438.71 | \$ 13,318.00 | \$ 540,868.74 | \$ 1,890,085.74 |
| 2010 | \$ 111,629.00 | \$ 14,718.82 | \$ 8,750.27 | \$ 19,167.70 | \$ 1,653.55 | \$ 44,290.34 | \$ 155,919.34 |
| | \$ 1,788,753.00 | \$ 339,249.89 | \$ 136,958.38 | \$ 200,606.41 | \$ 14,971.55 | \$ 691,786.23 | \$ 2,480,539.23 |

This calculation credits Mr. Pursley's payments and refunds claimed by breaking out each interest-accruing period:

- Interest through April 6, 2015, the date of Mr. Pursley's 2013 amended return claiming a \$151,045 refund;
- Interest from April 7, 2015 through March 8, 2017, the date of Mr. Pursley's \$700,000 bond payment;
- Interest from March 9, 2017 through December 13, 2019, the date of Mr. Pursley's 2015 and 2016 amended returns claiming \$217,745 in refunds; and
- Interest from December 14, 2019 through February 29, 2020.

To the best of government counsel's understanding, the IRS addressed all the objections Mr. Pursley has articulated regarding the method by which it calculated the interest on the tax due and owing for tax years 2007 to 2010, and the Service resolved all those issues in Mr. Pursley's favor. It is not immediately clear to the United States why the parties have been unable to reach an agreement, but the government will nonetheless be prepared to present testimony from one or more IRS witnesses at the

upcoming October 29, 2020 hearing to address any questions from the Court regarding the Service's calculations.

Respectfully submitted,

RYAN K. PATRICK
UNITED STATES ATTORNEY



Sean Beaty
Trial Attorney, Tax Division
U.S. Department of Justice
150 M. Street, N.E.
Washington, D.C. 20002
(202) 616-2717
Sean.P.Beaty@usdoj.gov

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on October 20, 2020, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF, which will serve a copy of this document on all counsel of record.

/s/ Sean Beaty

Sean Beaty
Trial Attorney, Tax Division